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TALKING POINTS

For crisis watchers, '11 was very good year

By Andrea Obston

If you enjoy a good crisis—and who doesn't?—2011 was a veritable smorgasbord of the good, the bad and the really ugly. As a student of crisis communications, my head's been spinning just trying to keep up.

So, what does this year-long festival of goofs and gaffes teach us? That recognizing, reacting and dealing with something that threatens your reputation is a requirement. Weaving stories, shooting from the hip and ducking the issues just won't cut it in today's fast moving business environment. Let's take a look at some of the more painful lessons from this year's most memorable crises.



Andrea Obston

Lesson #1 — Under-promise and over-deliver.

This one comes at the expense of Connecticut's own CL & P. In a misguided attempt to lessen the trauma from our historic October storm, the company created a fantasy deadline for 99 percent power restoration. The deadline, according to a variety of reports, was never vetted by the company's operations personnel. In the end, it made the company and its president look really bad and made consumers feel even worse when the company couldn't deliver on it. The lesson here is that you never want to go public with information, especially life-changing information, until you've talked to the experts in-house. Even then, it's best to give yourself some leeway when announcing it publicly. The fact is that over 95 percent of the 800,000 CL&P customers who lost power got it back by the deadline. But, because the deadline was featured so prominently in all communications and repeated so many times, missing it meant the company was roasted royally and their president had to be sacrificed on the altar of public outrage.

Lesson #2 — Learn, change and reboot after a crisis.

This lesson comes when the Arizona Humane Society stepped up to admit its mistake with grace and humility and made change to avoid similar tragedies. The gist of the crisis is this: the Humane Society euthanized the cat of a former heroin addict because his owner couldn't immediately pay \$400 for the cat's medical care. Workers told Daniel Dockery that his 9-month-old cat, Scruffy could only be treated if he signed over ownership. He reluctantly surrendered the cat to the Humane Society after staff declined to take a credit card from his mother over the phone or wait 24 hours for her to wire him cash. Workers told him the cat would be treated and put in foster care, but through a series of errors, the cat was euthanized. "This truly is a worst-case scenario ... and it is one the Arizona Humane Society must deal with every day," admitted the society's spokeswoman. The society took responsibility for the error and made immediate changes to address the issues it raised. They set up an account, funded through donations, to cover the costs of emergency treatment of animals whose owners need a day or two to come up with money for payments. And the group is now accepting credit card payments by phone.

Lesson #3 — Catch the fire in the wastebasket before it consumes the forest.

Not surprisingly, this lesson comes from the administration of Penn State. Like most crises (historically over 60 percent), the Jerry Sandusky sex scandal fiasco was a slow growing crisis that developed over time. And, like most of these low probability/high impact messes, it gained momentum by being ignored. The crisis had been smoldering for months before it burst into flames in October, although the seeds of it were planted as far back as 1994. After an extensive grand jury investigation, Sandusky was indicted on 42 counts of child molestation

dating from 1994 to 2009, though the alleged abuse may date as far back as the 1970s. This situation is the poster child for the lesson that every organization must maintain vigilance so it can spot crises early and often. Even after the grand jury's indictments, it took five days for Penn State to say anything. Never mind that social and traditional media had been ablaze with tidbits about the grand jury's investigation for months. Where was their crisis plan? Where were their leaders? Were they so mired in self-denial and blind loyalty that they couldn't entertain the thought that their storied program could be challenged? If ever there were a case for building a crisis plan that gives you a framework for taking control of your own reputation, this was certainly one.

Lesson #4 — A lie — even if you tell it loudly and repeat it often — is still a lie that will do you in.

Herman Cain is the reason this lesson made it to the list. As allegations of sexual improprieties swirled around him, Cain and his supporters critiqued them as coming from the "liberal media" and just a bunch of hi-jinks by the irrepressible entrepreneur. Cain himself even went on ABC's 'Jimmy Kimmel Live' vowing that he would be "taking this [accusation] head on." And claiming, "There's not an ounce of truth in all of these allegations." As women emerged from the woodwork, and the likes of Attorney Gloria Allred jumped in, Cain held his ground. Eventually, that ground gave way under him, causing him to leave the presidential race due to what he called a "cloud of doubt over me and this campaign." Even then, he held firm to the belief that a repeated lie can and will morph into a truth when he said, "I am suspending my presidential campaign because of the continued distraction, the continued hurt ... on me, on my family, not because we are not fighters, not because I am not a fighter."

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Lesson #5 — Spending too much time with in-house advisors can be hazardous to your company's health.

We had this lesson in stereo this year, first from Netflix and then from Bank of America. These institutions were so tone deaf to their own customers that they tried to pass off backhand slaps to them as “good things.” Netflix thought making it more complicated to get and view movies plus offering their customers a 60 percent price hike would just slide by their devoted fans. And CEO's Reed Hastings's late night apology eblast only made the situation worse. They lost a million users and now are trying to claw their way back with commercials using talking mice. And speaking of rodents, that's one of the nicer terms Bank of America customers are using about them. These are the wonderful folks who brought you charges to access your own money with your debit card. Does everyone at B of A live in a cave and make it a point to only talk to others dwelling there? Surly a little market research might have told them this is not the right time to mess with America's cash-strapped consumers.

Lesson #6 — When you put it on the web someone just might see it.

Here's another (and please forgive the pun) double-barreled lesson from the world of politics and sports. It comes to us from both Anthony Weiner and Brett Farve. Surely each one of these guys must have been thinking about the possibility that someone might actually receive those social “messages” they were sending. So why, exactly, did they think their ego-centric self displays were good ideas? The lesson here is that you don't want to put anything on the World Wide Web that you wouldn't want the world to see. I'm not quite sure why this one needs reinforcing some 15 years after the entrance of the

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web, but clearly someone missed it.

Lesson #7 — Sturdy reputations can outlive even the most iconic leaders.

Apple's strong stock price is a testimony to one of the year's most valuable lessons: that a solid brand, well-lived and well-supported is the best protection against any crisis. When Apple's storied founder Steve Job's passed away, many feared Wall Street investors would lose confidence in the company's future. Would Apple be Apple without its Genius-in-Chief? While Tim Cook has none of the founder's flare, he has been quietly running the company on a day-to-day basis for years. And, while the stock initially fell the morning after Job's death, it rebounded by the end of that day to \$377.37. In mid-January, it was trading near \$420 with some analysts predicting it could go up to \$525. It is the Apple brand, its reputation for innovation and its ability to deliver that will outlive even Jobs.

Lesson #8 — Social media can change the world — It was the power of social

media, coupled with the 24-hour news cycle, which literally remade the Middle East in 2011. The Arab revolt began in Tunisia when a young man, set himself on fire in protest. After that, uprisings spread to Egypt, Libya, Algeria, Yemen, Jordan, Bahrain, Syria, and beyond and the “Arab Spring” was born. The term became one of the most searched of the year and social media was the tool of choice to carry its message. To quote one Egyptian activist's tweet: “We use Facebook to schedule the protests, Twitter to coordinate, and YouTube to tell the world.” It was a stunning testimony to the power of social media and its ability to open minds.

Lesson #9 — Texting for dollars brings aid after crisis faster than ever — The

power of social media was also on display as a tool to raise funds quickly in 2011. The Red Cross and other aid relief organizations took advantage of the tremendous outpouring of support for the victims of the March Japanese quake by enabling donations online or via text message. Donors simply had to Text REDCROSS to 90999 to donate \$10 from their phones. Stars like Justin Bieber, Coldplay, Katy Perry and Lady Gaga also engaged their Twitter followers to contribute, getting life-saving funds to victims faster than ever before.

The year 2011 will go down as a veritable circus of out-of-control egos; corporate hubris; bickering billionaires and political candidates behaving badly. And, while no one will miss that kind of misbehaving, those of us who study crisis may never have this many examples of what not do. On the other hand, there is 2012 to look forward to. One can only hope. ■

Andrea Obston is president of Andrea Obston Marketing Communications and its subsidiary Andrea Obston Crisis Communications. Both are in Bloomfield. Reach her at (860) 243-1447.